

Message Text

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ACTION ARA-14

INFO OCT-01 EUR-12 ISO-00 SP-02 ICA-11 AID-05 EB-08
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FM AMEMBASSY LIMA
TO SECSTATE WASHDC 9613
INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L LIMA 3255

E.O. 11652: GDS
TAGS: EFIN MASS PE UR
SUBJ: PERU RESCHEDULES USSR DEBT

REF: A. LIMA 3167, B. LIMA 3065, C. LIMA 3216

1. FOLLOWING UP ON INFORMATION REPORTED REFTELS A AND B, EMBASSY ECONOMIC/COMMERCIAL COUNSELOR CALLED APRIL 13 ON DR. FERNANDO REUS, DIRECTOR GENERAL OF PUBLIC CREDIT, MINISTRY OF ECONOMY AND FINANCE. REUS HAD ACCOMPANIED GENERAL RICHTER PRADA ON RECENT MOSCOW TRIP, AND WAS THUS IN A POSITION TO DISCUSS RESCHEDULING OF USSR DEBT IN SOME DETAIL.

2. REUS REPORTED THAT MISSION WAS SUCCESSFUL IN ACCOMPLISHING ITS OBJECTIVES. GOVERNMENT-TO-GOVERNMENT (I.E. MILITARY) PAYMENTS -- PRINCIPAL ONLY -- HAVE BEEN RESCHEDULED AS FOLLOWS: 1978, FROM \$68.1 MILLION TO ZERO; 1979, FROM \$29.9 MILLION TO ZERO; 1980, FROM \$74.3 MILLION TO \$22.7 MILLION. REPAYMENTS OF PRINCIPAL ON USSR MILITARY DEBT WILL CONTINUE FROM 1980 AND ARE REFLECTED IN OVERALL MILITARY DEBT PAYMENT SERVICE SCHEDULE WHICH HE PROVIDED (REF C). HE DID NOT PROVIDE BREAKDOWN. WITH REGARD TO INTEREST PAYMENTS, HE SAID THAT THE USSR IS CHARGING 2 PERCENT
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INTEREST AND THAT THESE PAYMENTS (WHICH AVERAGE SOME \$8 MILLION YEARLY) WILL BE CONTINUED NORMALLY. PERU WILL ALSO CONTINUE TO MAKE FULL SCHEDULED PAYMENTS ON "COMMERCIAL" (NON-MILITARY) DEBTS CONTRACTED WITH USSR STATE TRADING AGENCIES AS FOLLOWS: 1978, \$14.6 MILLION; 1979, \$14.6 MILLION; 1980, \$12.5 MILLION. THUS, FOLLOWING RECENT MOSCOW

NEGOTIATIONS, GOP REVISED DEBT SERVICE SCHEDULE TO
THE USSR IS AS FOLLOWS IN \$ MILLIONS:

	1978	1979	1980
MILITARY (PRINCIPAL)	0	0	22.7
MILITARY (INTEREST-APPROX.)	8	8	8
COMMERCIAL (PRINCIPAL AND INTEREST)	14.6	14.6	12.5
TOTAL (APPROX.)	22.6	22.6	43.2

3. COMMENT: IT WOULD APPEAR THAT RICHTER'S NEGOTIATIONS WERE REASONABLY, BUT NOT COMPLETELY, SUCCESSFUL, I.E. PERU WAS ABLE TO DEFER PRINCIPAL PAYMENTS ON MILITARY DEBT FOR 1978-79 PERIOD, AND PART BUT NOT ALL OF THE 1980 MILITARY DEBT. THE TOTAL AMOUNT DEFERRED WAS \$68.1 THIS YEAR, \$29.9 MILLION IN 1979, AND \$51.6 MILLION IN 1980. THUS PUBLIC STATEMENT BY GENERAL RICHTER (REF B) THAT 80 PERCENT OF THE SOVIET DEBT HAS BEEN RESCHEDULED PROBABLY REFERS TO DEFERRED PRINCIPAL PAYMENTS WITH THE IMPLICATION THAT INTEREST PAYMENTS WOULD HAVE BEEN MADE IN ANY CASE.

4. FOREIGN MINISTER DE LA PUENTE TOLD THE AMBASSADOR EARLIER THIS WEEK, AND ASSERTED AGAIN IN A
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MEETING WITH MIAMI MAYOR FERRE ON APRIL 14, THAT THE GOP WILL PAY NO REPEAT NO INTEREST TO THE SOVIETS ON THE MILITARY DEBT DURING THE THREE-YEAR PERIOD. OBVIOUSLY, DE LA PUENTE IS MISINFORMED OR CONFUSED.
SHLAUDEMAM

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